

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Retail Access Optimization Initiative, 2011

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Docket No. N2011-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO
UNITED STATES POSTAL SERVICE (VP/USPS-1-4)
(August 30, 2011)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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VP/USPS-1.

Section II-D of USPS-T-1 states that the retail network scope should be viewed in context. Please refer to USPS-T-1, p. 10, Table 4, which begins with the year 1900. These questions relate to the U.S. Post Office Department (“POD”), the predecessor of the Postal Service, and its operation of retail facilities (“POD-operated retail facilities”).

- a. What was the peak number of POD-operated retail facilities operated at any one time, and in what year was that peak number reached?
- b. What was the number of POD-operated retail facilities on July 1, 1971 when the Postal Reorganization Act became effective?
- c. Between the year when the peak number of POD-operated retail facilities (reported in response to VP/USPS-1a) was reached and Postal Reorganization effective July 1, 1971:
 - i. What is the number of POD-operated retail facilities that were closed in total, and, if available, the minimum and maximum number closed in any single year?
 - ii. Under what circumstances did the POD close POD-operated retail facilities on its own initiative (*i.e.*, without Congressional approval), and what circumstances required authorization by Congress before a POD-operated retail facility could be closed?
- d. Since Postal Reorganization on July 1, 1971, what was the maximum number of Postal Service retail facilities closed in any single year?

VP/USPS-2.

- a. In what year did the POD begin Rural Free Delivery (“RFD”)?
- b. Prior to RFD, when the number of post offices and retail facilities was expanding, were any of the following criteria used to determine establishment (or closure) of a post office?
 - i. Was a post office expected to serve some minimum number of residents?
 - ii. Was there some maximum time or distance for rural residents to travel to the post office in order to pick up their mail?
 - iii. Did the social needs of the community or non-postal considerations motivate post office openings and closings?
 - iv. Were other criteria used?
- c. Prior to RFD, did residents of a community have to petition to have a post office established, or did the POD open retail facilities on its own initiative?

VP/USPS-3.

- a. How many Contract Postal Units (“CPUs”) does the Postal Service currently have?
- b. What percentage of existing CPUs have annual costs that exceed annual revenues?
- c. What percentage of existing CPUs have annual costs that are (i) between 75 percent and 100 percent of annual revenues, and (ii) between 50 percent and 75 percent of annual revenues?
- d. For all CPUs, what percentage of annual revenues are annual costs?

VP/USPS-4.

Canada Post and a number of European postal administrations are known (i) to have closed a far higher percentage of their brick-and-mortar retail facilities than the Postal Service is proposing with its RAO initiative, and (ii) to have relied extensively on various forms of alternative access in lieu of the brick-and-mortar retail facilities that formerly were operated by each respective postal administration before closure.

- a. To the extent that the Postal Service is aware, please indicate which postal administrations are thought to have closed the highest percentage of their pre-existing brick-and-mortar facilities?
- b. For those postal administrations identified in response to preceding part a, and to the extent that the Postal Service is aware, please discuss problems that any of those postal administrations have encountered as a result of closing a large percentage of their brick-and-mortar facilities and instead relying on alternate access for retail transactions.
- c. To the extent that the Postal Service is aware, please state whether any of those postal administrations that have closed a high percentage of their brick-and-mortar facilities are known to have reversed course and begun either replacing or supplementing alternative access with additional newly-opened postal administration operated facilities.